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In re TRIDENT MICROSYSTEMS, INC., DERIVATIVE LITIGATION)	Master File No. C06-3440-JF
)	
)	[PROPOSED] ORDER PRELIMINARILY
)	APPROVING PARTIAL DERIVATIVE
This Document Relates To:)	SETTLEMENT AND PROVIDING FOR
)	NOTICE
ALL ACTIONS.)	
)	

1 WHEREAS, the Settling Parties have made application, pursuant to Federal Rule of Civil
2 Procedure 23.1, for an order (i) preliminarily approving the proposed settlement (the "Settlement")
3 of the above-captioned shareholder derivative action (the "Federal Derivative Action") and the
4 related derivative action pending in the Superior Court of the State of California for the County of
5 Santa Clara entitled *Limke v. Lin, et al.*, No. 1:07-cv-080390 (the "State Derivative Action")
6 (collectively, the "Derivative Actions"), in accordance with a Stipulation of Partial Settlement, dated
7 October 20, 2009, and the Exhibits thereto (the "Stipulation"), and (ii) approving for distribution of
8 the Notice of Partial Derivative Settlement (the "Notice");

9 WHEREAS, the Stipulation sets forth the terms and conditions of the Settlement;

10 WHEREAS, the Settlement appears to be the product of serious, informed, non-collusive
11 negotiations and falls within the range of possible approval;

12 WHEREAS, all capitalized terms contained herein shall have the same meanings as set forth
13 in the Stipulation (in addition to those capitalized terms defined herein); and

14 WHEREAS, this Court, having considered the Stipulation and the Exhibits annexed thereto
15 and having heard the arguments of the Settling Parties at the preliminary approval hearing:

16 NOW THEREFORE, IT IS HEREBY ORDERED:

17 1. This Court does hereby preliminarily approve, subject to further consideration at the
18 Settlement Hearing described below, the Stipulation and the terms of the Settlement set forth therein.

19 2. A hearing (the "Settlement Hearing") shall be held before this Court on
20 February 5, 2010 at 9:00 a.m. in Courtroom __ of the United States District Court for the
21 Northern District of California, San Jose Division, Robert F. Peckham Federal Building and United
22 States Courthouse, 280 South First Street, San Jose, CA 95113, to determine whether:

23 (a) the terms and conditions of the Settlement provided for in the Stipulation are
24 fair, reasonable, adequate, and in the best interests of Trident and current Trident shareholders; and

25 (b) an order and judgment as provided for in ¶1.9 of the Stipulation should be
26 entered.

27 3. The Court approves, as to form and content, the Notice annexed as Exhibit A-1
28 hereto, and finds that the filing of the Stipulation and publication of the Notice substantially in the

1 manner and form set forth in ¶4.2 of the Stipulation, meets the requirements of Federal Rule of Civil
2 Procedure 23.1 and due process, is the best notice practicable under the circumstances, and shall
3 constitute due and sufficient notice to all Persons entitled thereto of all matters relating to the
4 Settlement.

5 4. Not later than ten (10) business days following entry of this Order, Trident shall cause
6 the Stipulation and the Notice, substantially in the form annexed as Exhibit A-1 hereto, to be
7 published on its website, such that visitors to the website home page will readily find a hyperlink to
8 the Notice.

9 5. Not later than ten (10) business days following entry of this Order, Trident shall cause
10 a copy of the Stipulation to be filed with the Securities and Exchange Commission via a Form 8-K.

11 6. Not later than ten (10) business days following entry of this Order, Trident shall cause
12 a copy of the Notice, substantially in the form annexed as Exhibit A-1 hereto, to be published once
13 in *Investor's Business Daily*.

14 7. All costs incurred in the filing of the Stipulation and publication of the Notice shall be
15 paid by Trident and Trident shall undertake all administrative responsibility for filing the Stipulation
16 and publication of the Notice.

17 8. At least fourteen (14) calendar days prior to the Settlement Hearing, Trident's counsel
18 shall serve on Federal Co-Lead Counsel and file with the Court proof, by affidavit or declaration, of
19 such filing of the Stipulation and publication of the Notice.

20 9. All current Trident shareholders shall be bound by all orders, determinations, and
21 judgments in the Federal Derivative Action concerning the Settlement, whether favorable or
22 unfavorable to current Trident shareholders.

23 10. Pending final determination of whether the Settlement should be approved, no current
24 Trident shareholder shall commence or prosecute against any of the Individual Settling Defendants
25 or their Related Persons any action or proceeding in any court or tribunal asserting any of the
26 Released Claims.

27 11. All papers in support of the Settlement shall be filed with the Court and served at
28 least seven (7) calendar days prior to the Settlement Hearing.

1 12. Any current record holders and beneficial owners of common stock of Trident as of
2 February 5, 2010, ~~2009~~ may appear and show cause, if he, she or it has any reason why the terms of
3 the Settlement should not be approved as fair, reasonable, and adequate, or why a judgment should
4 not be entered thereon, provided, however, unless otherwise ordered by the Court, no current Trident
5 shareholder shall be heard or entitled to contest the approval of all or any of the terms and conditions
6 of the Settlement, or, if approved, the Federal Judgment to be entered thereon approving the same,
7 unless that Person has, at least fourteen (14) days prior to the Settlement Hearing, filed with the
8 Clerk of the Court at the address listed below and served on the following counsel (delivered by
9 hand or sent by first class mail) appropriate proof of stock ownership, along with written objections,
10 including the basis therefore, and copies of any papers and briefs in support thereof:

11 Clerk of the Court
12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA
14 SAN JOSE DIVISION
15 Robert F. Peckham Federal Building
16 and United States Courthouse
17 280 South First Street
18 San Jose, CA 95113

19 ***Counsel for Federal Plaintiffs***

20 Jeffrey D. Light
21 COUGHLIN STOIA GELLER
22 RUDMAN & ROBBINS LLP
23 655 West Broadway, Suite 1900
24 San Diego, CA 92101-3301

25 Eric L. Zagar
26 Robin Winchester
27 BARROWAY TOPAZ KESSLER
28 MELTZER & CHECK, LLP
 280 King of Prussia Road
 Radnor, PA 19087

Counsel for State Plaintiff

 Marc M. Umeda
 ROBBINS UMEDA LLP
 600 B Street, Suite 1900
 San Diego, CA 92101

1 *Counsel for Trident by Its Special Litigation Committee*

2 John D. Pernick
3 BINGHAM McCUTCHEN LLP
4 Three Embarcadero Center, Suite 1800
5 San Francisco, CA 94111-4066

6 Any current Trident shareholder who does not make his, her or its objection in the manner provided
7 herein shall be deemed to have waived such objection and shall forever be foreclosed from making
8 any objection to the fairness, reasonableness, or adequacy of the Settlement as incorporated in the
9 Stipulation, unless otherwise ordered by the Court, but shall otherwise be bound by the Federal
10 Judgment to be entered and the releases to be given.

11 13. The Court reserves the right to adjourn the date of the Settlement Hearing or modify
12 any other dates set forth herein without further notice to current Trident shareholders, and retains
13 jurisdiction to consider all further applications arising out of or connected with the Settlement. The
14 Court may approve the Settlement, with such modifications as may be agreed to by the Settling
15 Parties, if appropriate, without further notice to current Trident shareholders.

16 IT IS SO ORDERED.

17 DATED: October 23, 2009


THE HONORABLE JEREMY FOGEL
UNITED STATES DISTRICT JUDGE

18 Submitted by,

19 COUGHLIN STOIA GELLER
20 RUDMAN & ROBBINS LLP
21 SHAWN A. WILLIAMS
22 CHRISTOPHER M. WOOD
23 100 Pine Street, Suite 2600
24 San Francisco, CA 94111
25 Telephone: 415/288-4545
26 415/288-4534 (fax)

27 COUGHLIN STOIA GELLER
28 RUDMAN & ROBBINS LLP
TRAVIS E. DOWNS III
JEFFREY D. LIGHT
BENNY C. GOODMAN III

s/Jeffrey D. Light
JEFFREY D. LIGHT

1 655 West Broadway, Suite 1900
2 San Diego, CA 92101
Telephone: 619/231-1058
3 619/231-7423 (fax)

4 BARROWAY TOPAZ KESSLER
MELTZER & CHECK, LLP
5 ERIC L. ZAGAR
ROBIN WINCHESTER
6 J. DANIEL ALBERT
280 King of Prussia Road
7 Radnor, PA 19087
Telephone: 610/667-7706
8 610/667-7056 (fax)

9 Co-Lead Counsel for Plaintiffs

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EXHIBIT A-1

1 COUGHLIN STOIA GELLER
2 RUDMAN & ROBBINS LLP
3 SHAWN A. WILLIAMS (213113)
CHRISTOPHER M. WOOD (254908)
4 100 Pine Street, Suite 2600
San Francisco, CA 94111
5 Telephone: 415/288-4545
415/288-4534 (fax)
6 swilliams@csgrr.com
cwood@csgrr.com
– and –
7 TRAVIS E. DOWNS III (148274)
JEFFREY D. LIGHT (159515)
8 BENNY C. GOODMAN III (211302)
655 West Broadway, Suite 1900
San Diego, CA 92101
9 Telephone: 619/231-1058
619/231-7423 (fax)
10 travisd@csgrr.com
jeffl@csgrr.com
11 bgoodman@csgrr.com

BARROWAY TOPAZ KESSLER
MELTZER & CHECK, LLP
ERIC L. ZAGAR (250519)
ROBIN WINCHESTER
J. DANIEL ALBERT
280 King of Prussia Road
Radnor, PA 19087
Telephone: 610/667-7706
610/667-7056 (fax)
ezagar@btkmc.com
rwinchester@btkmc.com
dalbert@btkmc.com

12 Co-Lead Counsel for Plaintiffs

13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN JOSE DIVISION

16 In re TRIDENT MICROSYSTEMS, INC.,)
DERIVATIVE LITIGATION)

Master File No. C06-3440-JF

17)
18)

NOTICE OF PARTIAL DERIVATIVE
SETTLEMENT

19 This Document Relates To:)

EXHIBIT A-1

20 ALL ACTIONS.)
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1 **TO: ALL CURRENT RECORD HOLDERS AND BENEFICIAL OWNERS OF THE**
2 **COMMON STOCK OF TRIDENT MICROSYSTEMS, INC. ("TRIDENT" OR**
3 **THE "COMPANY") AS OF OCTOBER 20, 2009**

4 PLEASE TAKE NOTICE that the above-captioned shareholder derivative litigation (the
5 "Litigation"), as well as the action in Santa Clara Superior Court entitled *Limke v. Lin, et al.*, Santa
6 Clara Superior Court Case No. 1:07cv080390 (collectively, the "Derivative Actions"), are being
7 settled with Glen Antle, Jung-Herng Chang, Shyur-Jen Paul Chien, Yasushi Chikagami, Charles
8 Dickinson, John S. Edmunds, Richard Hegberg, Peter Jen, James Lindstrom, Gerry Liu, Leonard
9 Liu, John Luke, Amir Mashkooi, Millard Phelps, W. Steven Rowe, and Richard Silverman on the
10 terms set forth in a Stipulation of Partial Settlement dated October 20, 2009 (the "Stipulation").¹
11 The terms of the settlement set forth in the Stipulation (the "Settlement") include: (1) cash payments
12 by certain Trident officers totaling \$1,744,909; (2) the waiver by certain Trident officers to claims
13 against the Company with a value of \$2,232,847.97 as determined by the SLC; and (3) Trident's
14 payment of Plaintiffs' Counsel's expenses in the amount of \$750,000.

15 IF YOU ARE A CURRENT OWNER OF TRIDENT COMMON STOCK, YOUR RIGHTS
16 MAY BE AFFECTED BY PROCEEDINGS IN THE LITIGATION.

17 On _____, 2010, at 9:00 a.m., a hearing (the "Settlement Hearing") will be held
18 before the United States District Court for the Northern District of California, San Jose Division,
19 Robert F. Peckham Federal Building and United States Courthouse, 280 South First Street, San Jose,
20 CA 95113, to determine: (1) whether the terms of the Settlement should be approved as fair,
21 reasonable, and adequate; and (2) whether the Derivative Actions should be dismissed on the merits
22 and with prejudice.

23 Any shareholder of Trident that objects to the Settlement of the Derivative Actions shall have
24 a right to appear and to be heard at the Settlement Hearing, provided that he, she, or it was a

25 ¹ This Notice should be read in conjunction with, and is qualified in its entirety by reference to,
26 the text of the Stipulation, which has been filed with the Federal Court and on a Form 8K filed with
27 the Securities and Exchange Commission. The Stipulation can also be viewed at
28 www._____.com. All capitalized terms herein have the same meanings as set forth in the
Stipulation.

1 shareholder of record or beneficial owner as of October __, 2009. Any shareholder of Trident who
2 satisfies this requirement may enter an appearance through counsel of such shareholder's own
3 choosing and at such shareholder's own expense or may appear on their own. However, no
4 shareholder of Trident shall be heard at the Settlement Hearing unless no later than fourteen (14)
5 days prior to the date of the Settlement Hearing, such shareholder has filed with the Court and
6 delivered to Plaintiffs' Counsel and the Special Litigation Committee's counsel, a written notice of
7 objection, their ground for opposing the Settlement, and proof of both their status as a shareholder
8 and the dates of stock ownership in Trident. Only shareholders who have filed and delivered valid
9 and timely written notices of objection will be entitled to be heard at the Settlement Hearing unless
10 the Court orders otherwise.

11 If you wish to object to the Settlement, you must file a written objection setting forth the
12 grounds for such an objection with the Court at the address below on or before _____, 2009,
13 with service on the following parties on or before _____, 2009:

14 Clerk of the Court
15 UNITED STATES DISTRICT COURT
16 NORTHERN DISTRICT OF CALIFORNIA
17 SAN JOSE DIVISION
18 Robert F. Peckham Federal Building
and United States Courthouse
280 South First Street
San Jose, CA 95113

Counsel for Federal Plaintiffs

19 Jeffrey D. Light
20 COUGHLIN STOIA GELLER
21 RUDMAN & ROBBINS LLP
22 655 West Broadway, Suite 1900
San Diego, CA 92101-3301

23 Eric L. Zagar
24 Robin Winchester
25 BARROWAY TOPAZ KESSLER
26 MELTZER & CHECK, LLP
27 280 King of Prussia Road
28 Radnor, PA 19087

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Counsel for State Plaintiff

Marc M. Umeda
ATTN: Client Relations Department
ROBBINS UMEDA LLP
600 B Street, Suite 1900
San Diego, CA 92101

Counsel for Trident by Its Special Litigation Committee

John D. Pernick
BINGHAM McCUTCHEN LLP
Three Embarcadero Center, Suite 1800
San Francisco, CA 94111-4066

Inquiries may be made to Plaintiffs' Counsel: Rick Nelson, c/o Shareholder Relations,
Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA
92101; telephone 619-231-1058.

DATED _____, 2009

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

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CERTIFICATE OF SERVICE

I hereby certify that on October 21, 2009, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I have mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on October 21, 2009.

s/Jeffrey D. Light
JEFFREY D. LIGHT

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
655 West Broadway, Suite 1900
San Diego, CA 92101-3301
Telephone: 619/231-1058
619/231-7423 (fax)

E-mail: jeffl@csgrr.com

Mailing Information for a Case 5:06-cv-03440-JF

Electronic Mail Notice List

The following are those who are currently on the list to receive e-mail notices for this case.

- **Thomas Grimes Allen**
Thomas.Allen@pillsburylaw.com,alison.rousseau@pillsburylaw.com
- **Daniel J. Bergeson**
dbergeson@be-law.com,swalker@be-law.com
- **Justin S. Chang**
jchang@shearman.com,rcheatham@shearman.com
- **Travis E. Downs , III**
travisd@csgrr.com,e_file_sd@csgrr.com
- **Jeffrey S. Facter**
jfacter@shearman.com,rcheatham@shearman.com
- **Sarah A. Good**
sgood@howardrice.com,bhastings@howardrice.com
- **Robert S. Green**
CAND.USCOURTS@CLASSCOUNSEL.COM
- **David F. Gross**
david.gross@dlapiper.com
- **Hway-Ling Hsu**
hhsu@be-law.com,emtofelogo@be-law.com
- **Jin H. Kim**
jkim@hrice.com
- **Charles J. Landy**
charles.landy@pillsburylaw.com
- **James Arthur Maro**
jmaro@btkmc.com,der_filings@sbtklaw.com
- **Caroline McIntyre**
cmcintyre@be-law.com,swalker@be-law.com
- **Ann Carole Moorman**
ann@acmoormanlaw.com,ss.acmlaw@gmail.com,moormanac@aol.com
- **David Allen Priebe**
david.priebe@dlapiper.com,margaret.austin@dlapiper.com,stacy.murray@dlapiper.com
- **Patrick David Robbins**
probbins@shearman.com,rcheatham@shearman.com
- **Clara Shin**
cshin@hrice.com,ccamp@howardrice.com
- **David Sidney Steuer**
dsteu@wsgr.com
- **Jason Takenouchi**
jasontakenouchi@quinnemauel.com
- **Shawn A. Williams**
shawnw@csgrr.com,jdecena@csgrr.com,travisd@csgrr.com,e_file_sf@csgrr.com,cwood@csgrr.com,e_file_sd@csgrr.com
- **Lloyd Winawer**
lwinawer@goodwinprocter.com,sasmith@goodwinprocter.com,bwilliams@goodwinprocter.com,monyeagbako@goodwinprocter.com,cburgos@goodwinprocter.com
- **Christopher Martin Wood**
cwood@csgrr.com,aserros@csgrr.com,jdecena@csgrr.com,khuang@csgrr.com
- **Eric L. Zagar**
ezagar@btkmc.com,rwinchester@btkmc.com,tkao@btkmc.com,der_filings@btkmc.com

Manual Notice List

The following is the list of attorneys who are **not** on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

J. Daniel Albert
Barroway Topaz Kessler Maltzer & Check, LLP
280 King of Prussia Road
Radnor, PA 19087

Manual Service List

- * John D. Pernick
BINGHAM McCUTCHEN LLP
Three Embarcadero Center, Suite 1800
San Francisco, CA 94111-4066
Telephone: 415/393-2000
415/393-2286 (fax)

*Denotes service via overnight delivery